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26 SEP 1979

MEMORANDUM FOR: Executive Committee Members

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FROM : [REDACTED]
Secretary, Executive CommitteeSUBJECT : Minutes of Executive Committee Meeting,
11 September 1979 (U)

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1. The Executive Committee met on 11 September to review the members' comments on the revised proposals for an Agency Senior Intelligence Service (SIS). (Mr. Carlucci chaired the session; Mr. May represented Mr. Wortman; Messrs. [REDACTED] Waller, Hicks, [REDACTED] and Office of Personnel staff members attended as observers.) (U)

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2. Mr. Carlucci said he was partially sympathetic to some members' concerns about rushing into the new SIS system without considering it more carefully. He reiterated his intention to implement the system by 1 October, however, both to maintain a sense of momentum in the personnel arena and to enable affected employees to know at the beginning of the performance evaluation period how the system will work. He added that details of the system could continue to be ironed out after 1 October. (U)

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3. Mr. Fitzwater briefed Committee members on their individual comments on the revised SIS proposals, noting that some of their questions needed to be resolved before implementation, while others could be addressed afterwards. Mr. [REDACTED] had requested that the name of the service be changed to the "DCI's Senior Intelligence Service" to encompass both CIA and RMS/CTS. After some discussion, the Committee agreed that the "Senior Intelligence Service" would suffice. Mr. [REDACTED] had also suggested that a review board similar to the Performance Review Committee (PRC) be established for RMS/CTS. Mr. Carlucci suggested tabling that question for the time being. In response to Mr. Taylor's concern about the Annual Work Plan, Mr. Fitzwater assured the Committee that his Office was developing the supplemental instructions to the work plan required for SIS members. (U)

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4. Mr. Dirks had expressed concern that the Agency was trying to define and implement the system too hastily. He suggested issuing an Agency notice by 1 October committing the Agency to an SIS including an incentive bonus plan and to a 1 November implementation date, when a detailed description of the SIS structure would be published. Mr. Carlucci overruled this suggestion, acknowledging that several of Mr. Dirks'

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25X1A concerns needed to be resolved but could be addressed after the 1 October implementation date. Mr. Dirks had also raised the issues of whether or not employees currently in the SPS category would be covered by the supergrade ceiling and whether or not they should be ranked competitively with managers for awards. Messrs. Fitzwater and ██████ explained that SPS employees are not included in the OMB supergrade ceiling, but the separate SPS ceiling has been added to the supergrade ceiling in arriving at the new SIS ceiling. Recalling having discussed the specialists vs. managers issue previously, Mr. Carlucci repeated his earlier conclusion that officials would be evaluated by their performance against their individual work plans, not against other individuals. Mr. Ware asked what would happen when several people were so evaluated and were all given the same rating. Mr. ██████ explained that the supplement to the Annual Work Plan would spell out the requirements to identify SIS members' individual objectives and expected standards of performance. Components will prioritize those recommended for awards according to their performance ratings and level of difficulty of their assignments. The PRC, now to consist of Deputy Directors and the Chairman of the E Career Service rather than Associate Deputies, will interleave the lists, filtering out the extra 10 percent allowed to be forwarded and produce a final prioritized list of SIS members recommended for awards equaling up to 50 percent of the number of SIS ceiling positions. Mr. Carlucci noted that Mr. Dirks' problem of ensuring equitable treatment for specialists would therefore be within his own purview to resolve. (U)

25X1A 5. In response to Mr. Dirks' question about the role of the PRC, Mr. Carlucci said that each directorate would be able to recommend a number of its SIS members for awards equaling up to 60 percent of its SIS positions. The PRC will review all the resulting recommendations and produce a prioritized, combined list, narrowing the number of recommendations for awards to 50 percent of the total SIS ceiling positions. He noted that he had discussed the proposals at length with the Director, who asked that promotions from SIS-4 to SIS-5 not go through the same panel system as the award recommendations. (U)

6. Outlining a flow chart of the awards process, Mr. Fitzwater said that supervisors would make the initial recommendations, which would then be forwarded through a reviewing official and the operating official to the appropriate Senior Resources Board. Award recommendations for SIS-1-3s would then go through the PRC for review, consolidation and prioritizing before being forwarded to the DCI/DDCI for final decisions. Award recommendations for SIS-4's and above would go directly from the Senior Resources Boards to the DCI/DDCI for final decision. He added that the DDCI will determine the distribution of awards based on the funds available and performance in attaining Agency goals. The SIS management staff will provide any required staff support. (U)

7. In response to Mr. Dirks' question, Mr. Carlucci suggested three alternatives for deciding the distribution of awards: (a) the OP proposal, that is, having recommendations flow from the bottom up with the PRC making a final recommendation to the DCI/DDCI, which would be

an extremely difficult task; (b) Mr. Carlucci could review the directorate recommendations and, with staff support, determine the final distribution; or (c) Mr. Carlucci could assign quotas of awards to each directorate, based on overall performance against objectives established during the goals program. The last option would require a sophisticated evaluation system. Suggesting another option, Mr. Carlucci added that the PRC could determine a final list recommending awards for up to 50 percent of the SIS and he could reserve a fund to ensure that no deserving officials, such as people on rotation, were overlooked. Mr. Taylor noted that the DDCI would be able to exert more leverage without a PRC. (U)

8. After considerable discussion, Mr. Carlucci decided on option (c) above. He asked the Office of Personnel to revise the proposed SIS award system so that the DDCI will allocate each Deputy Director a quota of awards based on his directorate's performance against its objectives. The Deputy, in turn, will distribute the award quota among the components in the directorate based on their performance in attaining their objectives. The operating officials, having received recommendations for awards from supervisors and reviewing officials, would then determine which officials should receive awards. The Deputy Directors would review their decisions, and the DDCI would have final approval. During the process, the DDCI and Deputies would confer regarding the recommended allocations and would make adjustments as appropriate. In response to Mr. Taylor's comment, Mr. Fitzwater said that the SIS support staff could monitor the entire process, watching for patterns and trends and recommending appropriate adjustments. As outlined, this system would provide line managers the leverage to reward excellence in performance and would foster a team approach in tackling objectives. Mr. [REDACTED] noted that if the DDCI were unable to distinguish performance levels among the directorates in any one year, he could distribute the awards on the basis of parity. (U)

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9. Mr. Fitzwater said that Messrs. McMahon, Wortman, and Taylor had asked for clarification of who will nominate detailees for performance awards, the line manager for whom they are working or their "home base" career service. Mr. McMahon noted that the quota system designed above turns this question into a matter of which component's quota a detailee's award would come from. Mr. May expressed concern that DDA support officers assigned to directorates would be overlooked. The Committee agreed that awards for detailees should be processed by the unit in which they are working, and the SIS support staff will monitor the process to ensure that people on rotation do not get systematically overlooked. Mr. Carlucci noted that quotas would be based on the number of SIS members in a directorate's table of organization. (U)

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10. Mr. [REDACTED] had questioned whether or not joining the SIS should be mandatory because there would be no advantages to maintaining a parallel system for non-SIS supergrades. Mr. Carlucci said that while he expected all eligible employees to join the SIS, he thought it was important psychologically to offer them a choice. (U)

11. In response to written comments from Mr. Wortman, Mr. Fitzwater listed the following as possible consequences of eligible employees not joining the SIS:

- They would be allowed to remain in their positions unless management decided they were blocking a potential SIS position, in which case they
 - could be reduced in grade, or
 - reassigned to GS-15 positions and downgraded.
- They would not be eligible for
 - promotion,
 - awards,
 - leave accrual,
 - sabbaticals, or
 - reassignment to SIS positions.

Mr. Carlucci noted that the leave accrual allowed for SIS members had been changed from being unlimited to requiring the use of a minimum of 80 hours leave per year or forfeiture of this amount at the end of the year. (U)

12. Mr. Wortman had also asked about the ramifications of the SIS for supergrades currently in PRA status. Mr. Fitzwater explained that they would be treated like any other supergrades in joining the SIS, but once members, their performance would have to be "significantly higher" than others at their position level to receive awards. Mr. Ware said that he objected to ambiguous terms like "significantly higher." Mr. McMahon said that the revisions in the award process agreed to earlier would resolve any concerns regarding people in PRA status. (U)

13. Mr. Fitzwater said that Mr. McMahon had commented that the proposed conversion of supergrade and SPS pay levels into SIS pay levels resulted in serious imbalances in the number of senior positions at various levels. Mr. Fitzwater suggested a revised conversion table based on the President's recent revised pay scales that would convert current GS-16 Steps 1-5 and SPS 1-2s to SIS-1s, for an initial total of [REDACTED] and GS-16 Steps 6-9 and SPS-3-4s to SIS-2s, for an initial total of [REDACTED]. He emphasized that no one's salary level would be lowered during the conversion process. (C)

14. Mr. Taylor had suggested that the SIS promotion process should be separated from the performance review process. Concurring, Mr. Fitzwater said that the SIS proposals will be revised to retain the current promotion system centered in the career services. (U)

15. Mr. Dirks had expressed concern about the potential adverse impact on morale of limiting awards to only 50 percent of the SIS. Mr. Taylor said that our unusual situation with regard to career and

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noncareer employees was such that we could justify making awards to more than 50 percent of the SIS and still be consistent with the number of awards granted to career SES members under the Civil Service Reform Act. Another reasonable alternative would be to distribute more awards for lesser amounts, thereby keeping the total cost the same. Mr. Carlucci noted that the closer the number of award recipients approached 100 percent, the more awards would look like pay raises rather than incentives. Mr. Fitzwater said that departing from the 50 percent figure could be interpreted as abusing the law. Mr. Carlucci concluded that during the first year of SIS, he would prefer to parallel other Federal agencies as much as possible. After some experience with the system, a decision could be made to increase the percentage of award recipients, but it would be very difficult to start with a larger percentage and then try to reduce it later on. (U)

16. Mr. Fitzwater suggested the following SIS implementation schedule, which the Committee approved:

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| -- Supplement to Annual Work Plan and Performance Appraisal Report | To Committee members for comment by 21 September |
| -- Distribute explanatory letters and SIS Handbook | 1 October |
| -- Auditorium briefing | 15 October |
| -- Small group briefings on request | 15 October - 1 November |
| -- Commitment for joining | 1 November (U) |

17. Mr. Carlucci adjourned the meeting. Subsequent to the meeting, the Office of Personnel prepared a revised draft of the SIS proposal and sent it to Executive Committee members for comment. These comments and additional DDCI decisions will be reflected in the approved proposal, which will be distributed to committee members when completed. (U)

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